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11 April 1961

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# CENTRAL INTELLIGENCE BULLETIN



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State Dept. review completed

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## CENTRAL INTELLIGENCE BULLETIN

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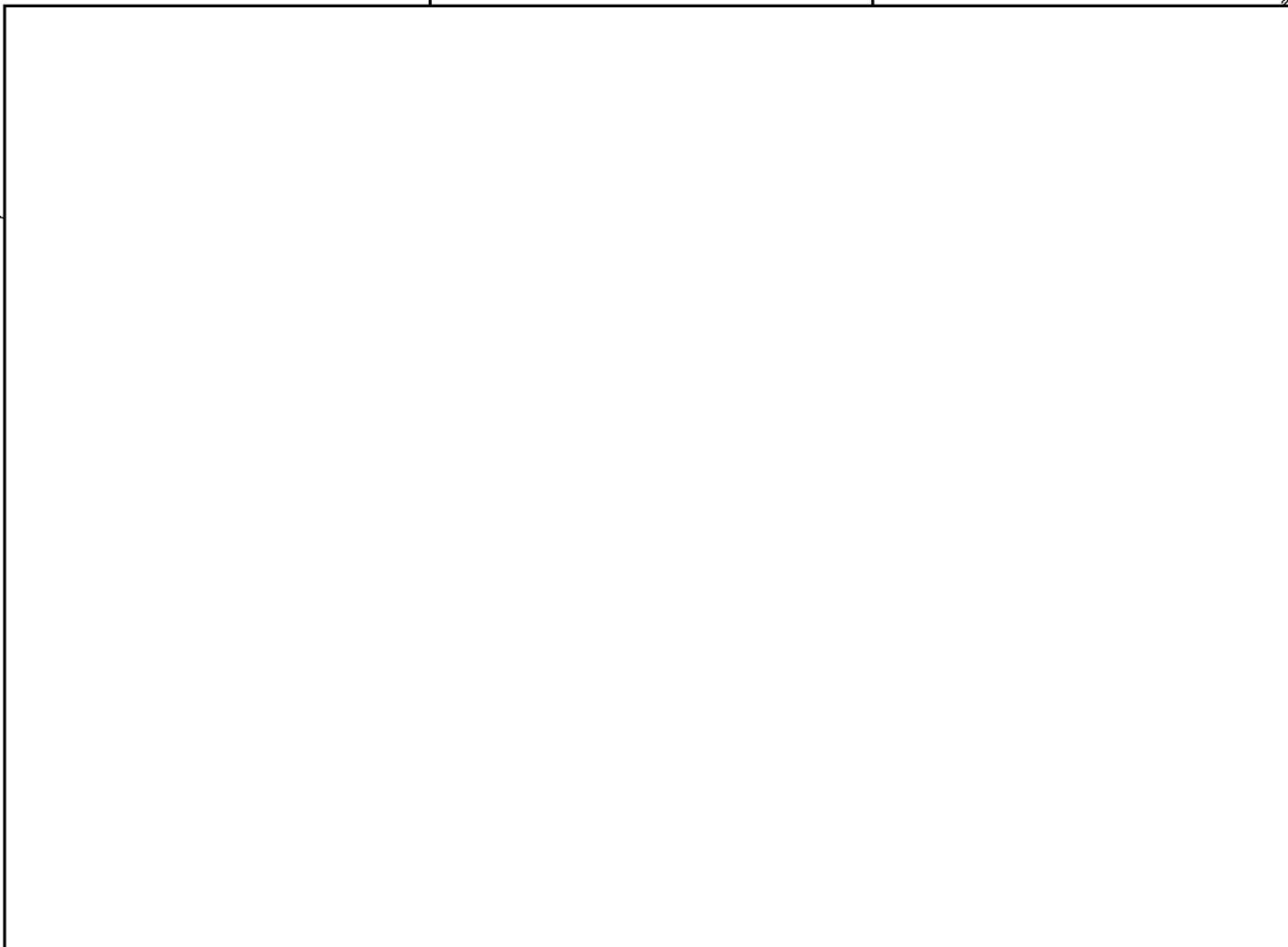
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Communist China - United States: Following recent talks with Chinese Communist Foreign Minister Chen Yi, Indonesian President Sukarno stated that his visit to the US on 24-25 April will have a "profound effect" on Peiping's relations with the rest of the world.

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[redacted] felt it was virtually certain that Sukarno, with the knowledge and approval of Chen Yi, would bring up with President Kennedy the subject of Peiping's entry

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[into the UN, ways and means of improving Sino-American relations, and other similar subjects.]

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[The Chinese Communists would be happy to have Sukarno argue their case in Washington along lines Chen discussed during his Indonesian visit. At that time, Chen expressed regret over the state of Sino-American relations, suggesting that the sole reason for the impasse was the "hard-boiled" and inflexible US stand on Taiwan. As he did in a March conversation with a Swedish diplomat, Chen implied that the next move is up to the US. He proposed that the withdrawal of the US Seventh Fleet from the Taiwan Strait "ought not be a difficult thing," presumably as the first step toward a complete withdrawal of US support of the Chinese Nationalists.]

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Portugal: Defense Minister Botelho Moniz repeated to President Thomaz on 5 April the demands he made on 28-29 March to Premier Salazar for immediate reforms in Portuguese domestic and overseas policies. Salazar has not yet replied to these demands and,

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[ ] Moniz will "very soon" send an ultimatum to Thomaz that unless he pushes Salazar aside the military will take over the government. The defense minister, who is reported confident of complete military backing, has thus far not acted as vigorously as he had indicated in February;

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[ ] Moniz now realizes he must follow through or simply become "another revolutionary-minded general without portfolio or stature in the country."

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[ ] (Backup, Page 3)

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USSR: Khrushchev left Moscow on 8 April for a vacation on the Black Sea coast--his first since early last November. He was prevented by a heavy schedule, including the Moscow conference of world Communist leaders and his extensive tour of agricultural troublespots, from taking his customary midwinter rest. Although he has shown some signs of fatigue in recent

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months, the Soviet premier's health has apparently been reasonably good since a brief attack of flu last December.

Khrushchev indicated earlier that he intended to set aside most of his vacation time for work on the new party program--an outline of long-range Soviet goals and strategy to be presented to the 22nd party congress in October. He will probably not return to the Soviet capital much before the opening of May Day ceremonies and will thus have spent more than half of the first four months of the year away from the center.

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Pakistan: The Pakistani military regime is concerned over signs of growing discontent. Karachi police have again

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clashed with college students demonstrating against the sentencing of eight student leaders by a military court for fomenting a riot in late February. This student unrest is apparently symptomatic of more widespread dissatisfaction over the regime's failure to make more rapid progress in implementing promised reforms, particularly regarding return to constitutional government. President Ayub has postponed his plans to visit Australia in May and is touring the country to rouse support for his government's programs. [REDACTED]

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Guatemala: For the first time since the fall of the pro-Communist Arbenz regime in 1954, most top leaders of the Guatemalan Labor (Communist) party are back in the country, actively reorganizing their party and strengthening their influence in labor groups and front organizations. Their operations have been facilitated by President Ydigoras' divide-and-rule tactics which have weakened the opposition Revolutionary party, the Communists' most powerful political adversary. Ydigoras has maintained the stability of his conservative regime in large part by such maneuvers, and his avowed anti-Communist stand has not prevented him from occasionally working with the Communists when he thought he could use them. [REDACTED]

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Portuguese Defense Minister Pressing President to Install  
New Cabinet

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[President Thomaz, who had been informed by Salazar of the latter's meeting with Moniz on 28-29 March, reportedly has not reacted to the demands put to him by Moniz on 5 April for extensive policy changes. ]

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[ Moniz' next step will be to send a trusted emissary to inform Thomaz that the army means business and that he must use his presidential authority to replace the prime minister, after explaining to Salazar that a military takeover is the alternative to retirement. There is some reason to believe that this emissary has already talked with Thomaz without result.]

[Moniz and the military would reportedly back a new cabinet named by Thomaz. It would have to be broadly based to include various factions within the government. Marcello Caetano, former minister of the presidency, is mentioned as a successor to Salazar, as is Finance Minister Antonio Pinto Barbosa. Moniz, however, is not optimistic of action from Thomaz, who was hand-picked by Salazar as party candidate for the presidency in June 1958]

[Moniz has on previous occasions failed to follow through on demands for policy changes. In mid-February he is said to have given Salazar a virtual ultimatum that if the government did not undertake socio-economic reforms in the African provinces before the UN General Assembly reconvened on 7 March, the Defense Ministry would "take the matter into its own hands."]

[It is possible that Salazar may try to forestall further moves on the part of Moniz by a cabinet reshuffle. A "remodeling" reportedly was under consideration in mid-March for the latter part of the month and was then postponed until after French Foreign Minister Couve de Murville's visit to Lisbon on 8 April.

[ the National Union, which is the only legal political party, the international security police (PIDE), and the rightist National Front, considered as a backer of former Defense Minister Santos Costa, expect to profit by changes and might react unfavorably if their interests suffered significantly.]

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Pakistani Military Regime Concerned Over  
Growing Discontent

The Ayub regime for some time has not displayed the energy of its early months following the army takeover in 1958. There have been no "milestones of progress" since the Indus waters settlement with India in September 1960. Furthermore, the government seems to have relaxed its efforts to generate public support for its policies.

In recent months the government has tolerated more press criticism, and some newspapers appear to have been discreetly encouraged to question Pakistan's basic foreign policy of alignment with the West. In late February, student demonstrations condemning Lumumba's assassination and anti-Moslem riots in India were tolerated, but these got out of hand and ended in clashes with the police. Pakistani authorities are now trying to reassert firm control without sparking further clashes.

Rising prices of basic commodities, following the lifting of price controls on such items as cotton and wheat, are also generating discontent. There is growing impatience with the slow progress being made in putting the local government councils, elected in January 1960, to work. The intelligentsia, including students, lawyers, and journalists, have been looking forward to a return to the promised "constitutional" government and have become increasingly frustrated by the delays in publishing the report of the Constitutional Commission, now due in April.

President Ayub probably remains Pakistan's most popular figure, but in recent months he has been absent from the country on trips to Europe and the Far East. His decision not to go to Australia suggests he feels it necessary to exploit his popularity to bolster the regime's standing. [REDACTED]

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Guatemalan President's Tactics Indirectly Benefit Communists

Ydigoras, now midway in his six-year term, has survived almost constant plotting from both right and left by manipulation of his opponents—[redacted] maneuvering them into fighting among themselves. In so doing, he has weakened the opposition Revolutionary party (PR), a strong, moderate leftist and anti-Communist party and the only political group with at least some degree of mass support. Ydigoras, now benefiting from a gradual economic upturn, is in a relatively strong domestic position at the present time.

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The Communists, who probably regard the PR as their most potent adversary, are active in several competing leftist splinter parties at least partially fostered by Ydigoras. The weakening of the PR and its capable leader Mario Mendez Montenegro serves not only Ydigoras' principal goal—staying in power—but also the Communist objective of regaining control of the strong and widespread leftist-nationalist movement that formed the political base of the pro-Communist Arbenz regime of 1951-1954. Ydigoras maintains that his legal powers to control Communist activities have recently been weakened by Congress' watering down of anti-subversive legislation he had submitted to it.

Former President Arbenz, now the honored guest of the Castro regime in Cuba, [redacted]

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[redacted] though he is generally discredited among most non-Communist Guatemalans. Ydigoras is one of Castro's chief targets in Latin America. The Cuban premier has repeatedly accused him of aiding Cuban "counter-revolutionaries."

[redacted]

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